



General Assembly

February Session, 2014

## ***Amendment***

LCO No. 5176

**\*SB0044705176SD0\***

Offered by:

SEN. FONFARA, 1<sup>st</sup> Dist.  
REP. WIDLITZ, 98<sup>th</sup> Dist.  
SEN. FASANO, 34<sup>th</sup> Dist.

REP. WILLIAMS, 68<sup>th</sup> Dist.  
REP. DAVIS C., 57<sup>th</sup> Dist.  
REP. RITTER M., 1<sup>st</sup> Dist.

To: Subst. Senate Bill No. **447**

File No. 432

Cal. No. 281

***"AN ACT CONCERNING A PILOT PROGRAM TO PROVIDE  
PROPERTY TAX RELIEF FOR BUSINESSES AND  
HOMEOWNERSHIP INCENTIVE PROGRAMS."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2014, and applicable to assessment*  
4 *years commencing on and after October 1, 2014*) (a) The Secretary of the  
5 Office of Policy and Management shall establish a pilot program for  
6 not more than five municipalities of varying sizes and in different  
7 regions of the state to allow for the assessment of a commercial  
8 property based on the net profits of the business or businesses  
9 occupying such property. Municipalities shall apply to said office in  
10 the manner and form directed by the secretary for inclusion in the pilot  
11 program.

12 (b) Notwithstanding any provision of the general statutes, any

13 municipal charter, any special act or any home rule ordinance, each  
14 municipality selected to participate in the pilot program shall, by  
15 ordinance, provide for the assessment of not more than three  
16 commercial properties based upon the net profits from the previous  
17 calendar year of the business or businesses occupying each commercial  
18 property or, if such commercial property was vacant, on the net profits  
19 anticipated by a new business tenant of such commercial property. A  
20 participating municipality shall include in the ordinance adopting  
21 such assessment method (1) a description of commercial properties  
22 that are eligible for such assessment method, (2) a requirement that all  
23 parties affected by the use of such assessment method, including the  
24 owner or owners of the commercial property, the business or  
25 businesses occupying such property and the municipality, agree to the  
26 use of such assessment method, (3) a description of how the rate of  
27 assessment for such commercial properties will be determined, based  
28 upon such net profits or anticipated net profits, (4) provision for an  
29 application process, including documentation required from the owner  
30 of a commercial property to demonstrate the benefits to the  
31 municipality and such commercial property of such assessment  
32 method, and (5) provision for the phase-out of such assessment  
33 method on individual commercial properties, so such properties may  
34 be returned to the assessment method otherwise required by chapter  
35 203 of the general statutes.

36 (c) The Secretary of the Office of Policy and Management shall, not  
37 later than January 1, 2015, and annually thereafter, report in  
38 accordance with the provisions of section 11-4a of the general statutes,  
39 to the joint standing committee of the General Assembly having  
40 cognizance of matters relating to finance, revenue and bonding,  
41 regarding the program established by this section. Such report shall  
42 include a description of (1) efforts made by the office to inform  
43 municipalities about the program, (2) the application process  
44 developed by the office, (3) inquiries and applications received from  
45 municipalities regarding participation in the program, and (4)  
46 legislative changes that may be considered to improve the program.

47       Sec. 2. (*Effective July 1, 2014*) The Office of Policy and Management  
48 shall provide information about the program established pursuant to  
49 section 1 of this act, and how a municipality may apply for inclusion in  
50 said program, to various state-wide organizations, including, but not  
51 limited to, the Connecticut Association of Assessing Officers, the  
52 Connecticut Economic Development Association and the Connecticut  
53 Tax Collectors Association, Inc.

54       Sec. 3. (NEW) (*Effective July 1, 2015*) (a) For purposes of this section:

55       (1) "Owner-occupied home" means a building containing three or  
56 fewer dwelling units, one of which units is occupied as a primary  
57 residence by the owner of the building or, with respect to a common  
58 interest community, as defined in section 47-202 of the general statutes,  
59 "owner-occupied home" means a dwelling unit occupied as a primary  
60 residence by the owner of the unit, within a common interest  
61 community containing three or fewer dwelling units; and

62       (2) "Eligible renter" means a person leasing and occupying a  
63 dwelling unit as a primary residence who graduated from a four-year  
64 college, provided such person graduated not earlier than two years  
65 prior to the date a lease is signed.

66       (b) A municipality where thirty per cent or less of its dwelling units  
67 are owner-occupied homes shall, and any other municipality may, by  
68 vote of its legislative body or, in a municipality where the legislative  
69 body is a town meeting, by vote of the board of selectmen, institute a  
70 program to promote homeownership in certain areas of such  
71 municipality. Such program shall be applicable to designated census  
72 blocks that have owner-occupied home rates of fifteen per cent or less,  
73 and shall abate property taxes for the owners of owner-occupied  
74 homes within such designated census blocks and provide an  
75 exemption from personal income taxes for the owners of owner-  
76 occupied homes and for eligible renters within such designated census  
77 blocks. For purposes of this subsection, "census block" means the  
78 smallest geographic unit used by the United States Census Bureau.

79 (c) A municipality required, or choosing, to proceed under this  
80 section shall determine which of the census blocks within such  
81 municipality have a number of owner-occupied homes equaling fifteen  
82 per cent or less of the dwelling units in such census block, and shall  
83 designate two or more of such census blocks as a homeownership  
84 incentive block. The municipality shall abate one hundred per cent of  
85 the property taxes on any owner-occupied home within a  
86 homeownership incentive block.

87 (d) The Department of Revenue Services shall exempt each owner of  
88 an owner-occupied home and each eligible renter within a  
89 homeownership incentive block from the taxes due under chapter 229  
90 of the general statutes, other than the liability imposed by section 12-  
91 707 of the general statutes, provided such owner and eligible renter  
92 shall continue to be eligible for the credit under section 12-704e of the  
93 general statutes. Such tax exemption shall be available to each eligible  
94 renter who occupies a dwelling unit within a homeownership  
95 incentive block as a primary residence. The municipality shall provide  
96 the department with any information needed by the department to  
97 allow such exemption.

98 (e) The tax abatements and exemptions offered to owners of owner-  
99 occupied homes and eligible renters within a homeownership  
100 incentive block pursuant to this section shall continue until the number  
101 of owner-occupied homes within such block meets or exceeds forty-  
102 nine per cent of the dwelling units in such block. Upon reaching such  
103 percentage, the municipality shall notify such owners and eligible  
104 renters, and the abatement and exemptions allowed pursuant to this  
105 section shall phase out over a five-year period. (1) The municipality  
106 shall charge the owner of each owner-occupied home within such  
107 block twenty per cent of the property tax otherwise owing during the  
108 first assessment year commencing after the forty-nine-per-cent goal is  
109 reached, and an additional twenty per cent each year thereafter, until  
110 the owner is liable for all property tax owed on such owner-occupied  
111 home. (2) Owners of an owner-occupied home and eligible renters

112 within such block shall be liable for twenty per cent of the income tax  
113 otherwise due, as described in subsection (d) of this section, in the first  
114 taxable year commencing after the forty-nine-per-cent goal is reached,  
115 and shall be liable for an additional twenty per cent each year  
116 thereafter, until such owner and eligible renter is liable for all income  
117 taxes owed. The municipality shall provide the department with any  
118 information needed by the department to process such phase-out.

119 Sec. 4. Section 12-62r of the general statutes is repealed and the  
120 following is substituted in lieu thereof (*Effective October 1, 2014*):

121 (a) For the purposes of this section:

122 (1) "Apartment property" means a building containing four or more  
123 dwelling units used for human habitation, the parcel of land on which  
124 such building is situated, and any accessory buildings or other  
125 improvements located on such parcel;

126 (2) "Residential property" means (A) a building containing three or  
127 fewer dwelling units used for human habitation, the parcel of land on  
128 which such building is situated, and any accessory buildings or other  
129 improvements located on such parcel, (B) common interest  
130 communities, as defined in section 47-202, and (C) condominiums, as  
131 defined in section 47-68a, that are used for residential purposes;

132 (3) "Base year" means the assessment year commencing October 1,  
133 2010; [and]

134 (4) "Adjusted tax levy" means the total amount of taxes raised by  
135 taxation in a fiscal year by a municipality; [.] and

136 (5) "Owner-occupied residential property" means a dwelling unit in  
137 a residential property that is occupied as a primary residence by the  
138 owner of the property.

139 (b) Notwithstanding any provision of the general statutes or any  
140 special act, municipal charter or any home rule ordinance, any

141 municipality in which the provisions of section 12-62n were effective  
142 for the assessment year commencing October 1, 2010, shall make  
143 annual adjustments to the assessment rate charged to apartment and  
144 residential property in accordance with the provisions of this section,  
145 but in no event shall the assessment rate for any class of property be in  
146 excess of seventy per cent.

147 (c) For the assessment year commencing October 1, 2011, in any  
148 municipality that adopts the property tax system under this section,  
149 apartment property shall be assessed at a rate of fifty per cent. For  
150 assessment years commencing on and after October 1, 2012, the  
151 assessor shall determine a rate of assessment for apartment property  
152 that will have the effect of phasing in proportionate increases in the  
153 rate so that, by the assessment year commencing October 1, 2015, the  
154 assessment rate for apartment property shall be seventy per cent.

155 (d) In any municipality that adopts the property tax system under  
156 this section, for the assessment year commencing October 1, 2011, and  
157 only for said assessment year, the assessor shall determine a rate of  
158 assessment for residential property that will have the effect of  
159 increasing the average property tax for residential property as a result  
160 of revaluation by three and one-half per cent over the property tax for  
161 such property class in the base year, but in no event shall the  
162 assessment rate be less than twenty-three per cent. For assessment  
163 years commencing on and after October 1, 2011, the assessor shall then  
164 calculate an adjustment to the rate of assessment for residential  
165 property in accordance with subsection (e) of this section.

166 (e) Not later than January thirty-first or the completion of the grand  
167 list, whichever is later, the assessor shall annually calculate the  
168 [difference in the adjusted tax levy by such municipality in the current  
169 fiscal year and the prior fiscal year. The assessor shall then adjust the  
170 adjusted tax levy for the current fiscal year in accordance with any  
171 change in the consumer price index for all urban consumers in the  
172 northeast region in the preceding fiscal year] residential assessment  
173 ratio. The assessor shall first adjust the adjusted tax levy for the

174 preceding fiscal year in accordance with any change in the consumer  
175 price index for all urban consumers in the northeast region in the  
176 preceding fiscal year, as reported generally in February for the year-  
177 over-year January index. If, after such adjustment, (1) the adjusted tax  
178 levy in the current fiscal year exceeds the adjusted tax levy in the prior  
179 fiscal year by more than one hundred per cent of the rate of inflation,  
180 as determined in accordance with such consumer price index, the  
181 assessor, in his or her calculation of the assessment ratios for the next  
182 grand list, shall increase the rate of assessment for residential  
183 properties from the prior grand list year by five per cent; (2) the  
184 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
185 levy in the prior fiscal year by more than fifty per cent, but not more  
186 than one hundred per cent, of such rate of inflation, the assessor shall  
187 increase such rate of assessment by three and one-half per cent; (3) the  
188 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
189 levy in the prior fiscal year by not more than fifty per cent of such rate  
190 of inflation, the assessor shall increase such rate of assessment by two  
191 and one-half per cent; (4) the adjusted tax levy in the current fiscal year  
192 is equal to the adjusted tax levy in the prior fiscal year, or is less than  
193 one-half per cent less than the adjusted tax levy in the prior fiscal year,  
194 the assessor shall increase such rate of assessment by one and one-half  
195 per cent; and (5) the adjusted tax levy in the current fiscal year is less  
196 than the adjusted tax levy in the prior fiscal year by at least one-half  
197 per cent, the assessor shall make no change in such rate of assessment.

198 (f) For assessment years commencing on and after October 1, 2016,  
199 any municipality that adopts the property tax system under this  
200 section may, by vote of its legislative body, enact an ordinance to  
201 establish a program to encourage homeownership by adjusting the  
202 annual assessment rate for nonowner-occupied residential properties  
203 so that, while the annual assessment rate for owner-occupied  
204 residential properties shall be calculated at all times in accordance with  
205 subsection (e) of this section, the annual assessment rate for nonowner-  
206 occupied residential properties shall be calculated at a rate that shall  
207 keep the annual assessment rate for owner-occupied residential

208 properties lower than that of nonowner-occupied residential  
209 properties. Any ordinance enacted pursuant to this subsection may be  
210 amended only in a year in which such municipality conducts a  
211 reevaluation of real property pursuant to section 12-62.

212     ~~[(f)]~~ (g) Not later than June fifteenth in any year in which the  
213 adjusted tax levy in the current fiscal year increases by more than two  
214 and six-tenths per cent over the adjusted tax levy in the prior fiscal  
215 year, one per cent of the total number of electors of such municipality  
216 may petition in writing for a referendum on the budget establishing  
217 such increase. Any such referendum shall be held not more than ten  
218 days after receipt of such petition by the town clerk and shall be  
219 conducted in accordance with the provisions of chapter 90. Such  
220 budget shall not become effective unless a majority of the electors  
221 voting in such referendum vote in favor thereof. Only one referendum  
222 may be held, and, if the vote is against the budget, such municipality  
223 shall so adjust the budget as to limit any increase to be equal to or less  
224 than two and six-tenths per cent.

225     Sec. 5. Section 12-65b of the 2014 supplement to the general statutes  
226 is repealed and the following is substituted in lieu thereof (*Effective*  
227 *October 1, 2014*):

228     (a) Any municipality may, by affirmative vote of its legislative body,  
229 enter into a written agreement with any party owning or proposing to  
230 acquire an interest in real property in such municipality, or with any  
231 party owning or proposing to acquire an interest in air space in such  
232 municipality, or with any party who is the lessee of, or who proposes  
233 to be the lessee of, air space in such municipality in such a manner that  
234 the air space leased or proposed to be leased shall be assessed to the  
235 lessee pursuant to section 12-64, fixing the assessment of the real  
236 property or air space which is the subject of the agreement, and all  
237 improvements thereon or therein and to be constructed thereon or  
238 therein, subject to the provisions of subsection (b) of this section, (1) for  
239 a period of not more than seven years, provided the cost of such  
240 improvements to be constructed is not less than three million dollars,



241 (2) for a period of not more than two years, provided the cost of such  
242 improvements to be constructed is not less than five hundred  
243 thousand dollars, [or] (3) to the extent of not more than fifty per cent of  
244 such increased assessment, for a period of not more than three years,  
245 provided the cost of such improvements to be constructed is not less  
246 than ten thousand dollars, or (4) for a period of years specified in an  
247 ordinance, for improvements to be constructed on land used or to be  
248 used for any retail business in an area designated in such ordinance.  
249 For purposes of this section, "improvements to be constructed"  
250 includes the rehabilitation of existing structures for retail business use.

251 (b) The provisions of subsection (a) of this section shall only apply if  
252 the improvements are for at least one of the following: (1) Office use;  
253 (2) retail use; (3) permanent residential use; (4) transient residential  
254 use; (5) manufacturing use; (6) warehouse, storage or distribution use;  
255 (7) structured multilevel parking use necessary in connection with a  
256 mass transit system; (8) information technology; (9) recreation  
257 facilities; (10) transportation facilities; or (11) mixed-use development,  
258 as defined in section 8-13m.

259 Sec. 6. Section 12-65h of the general statutes is repealed and the  
260 following is substituted in lieu thereof (*Effective October 1, 2014*):

261 Any municipality may, by affirmative vote of its legislative body,  
262 enter into a written agreement with any party owning or proposing to  
263 acquire an interest in real property in such municipality, or with any  
264 party owning or proposing to acquire an interest in air space in such  
265 municipality, or with any party who is the lessee of, or who proposes  
266 to be the lessee of, air space in such municipality in such a manner that  
267 the air space leased or proposed to be leased shall be assessed to the  
268 lessee pursuant to section 12-64, upon which is located or proposed to  
269 be located a manufacturing facility, as defined in subdivision (72) of  
270 section 12-81, or a wholesale and retail business, as defined in  
271 subdivision (54) of section 12-81, fixing the assessment of the personal  
272 property located in the facility [which] that is the subject of the  
273 agreement, (1) for a period of not more than seven years, provided the

274 increase in the assessed value of such personal property in such facility  
 275 or wholesale and retail business is not less than three million dollars,  
 276 (2) for a period of not more than two years, provided the increase in  
 277 the assessed value of such personal property in such facility or  
 278 wholesale and retail business is not less than five hundred thousand  
 279 dollars, or (3) to the extent of not more than fifty per cent of such  
 280 increased assessment, for a period of not more than three years,  
 281 provided the increase in the assessed value of such personal property  
 282 in such facility or wholesale and retail business is not less than twenty-  
 283 five thousand dollars."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014, and applicable to assessment years commencing on and after October 1, 2014</i>	New section
Sec. 2	<i>July 1, 2014</i>	New section
Sec. 3	<i>July 1, 2015</i>	New section
Sec. 4	<i>October 1, 2014</i>	12-62r
Sec. 5	<i>October 1, 2014</i>	12-65b
Sec. 6	<i>October 1, 2014</i>	12-65h